

Testimony
Representative Krishnamoorthi
Committee on House Administration Member Day Hearing
March 8, 2023

Chairman Steil, Ranking Member Morelle, and Members of the Committee, thank you for the opportunity to testify before you today about the need to ban Members of Congress from trading individual stocks, bonds, and other similar financial instruments.

Maintaining the public's faith in government is pivotal to preserving Congress' institutional legitimacy. Frequent reports of suspicious stock trades, failures to comply with the STOCK Act, and revelations that Members of Congress can actively buy and sell the stock of companies they regulate, or to which they appropriate money, have shaken the public's faith in Congress' ability to make decisions purely in the public interest. This leaves our constituents with the impression that their representatives are serving their own financial interests, rather than the interests of their constituents.

That is why it is crucial that we prohibit Members of Congress from trading individual stocks, bonds, or other similar financial investments. Members of Congress should not benefit from insider financial information obtained as a result of their positions, nor should their own financial interests cloud their policymaking.

A Congressional stock trading ban is extremely popular with the American people. Overall, three-quarters of voters support prohibiting members of Congress from trading stocks while serving in office. And the support holds true across partisan lines, with 70 percent of Democrats, 78 percent of Republicans, and nearly 80 percent of independents in favor of a stock trading ban. This cross-partisan support also extends to prohibiting members of Congress from owning individual stocks, which Republicans support by a 28-point margin, Democrats by a 27-point margin, and Independents by a 29-point margin. Nonpartisan experts also strongly support these common-sense reforms. This level of cross-partisan public and expert support is a mandate for comprehensive action.

Last Congress, I worked collaboratively with both Democrats and Republicans who share the fundamental goal of fighting corruption and rebuilding confidence in our institutions. There's no better evidence of that common purpose than the many strong, bipartisan proposals which exist, such as my bicameral legislation- the Ban Conflicted Trading Act.

While the specifics of the pieces of legislation differ, their spirit is the same. That is why I am optimistic that in the 118th Congress we can work together to develop and pass comprehensive, bipartisan legislation to ban Congressional stock trading.

That said, it is important that any final legislation include a set of policies that would address the multiple, related problems that arise from members owning and trading individual stocks. Specifically, as seven other members and I stated in a letter to Speaker McCarthy last month, any final legislation on a Congressional stock trading ban should:

- cover all Members of Congress, their spouses, and dependents under 18;

- require them to either divest prohibited investments within 120 days of the effective date, place such investments in a truly Qualified Blind Trust, or diversify such investments by placing them in widely held, diversified mutual or exchange-traded funds, or U.S. Treasury bills, notes, or bonds; and,
- contain clear enforcement mechanisms and penalties that are sufficient to ensure Member compliance, while omitting any gimmicks, carveouts, or exemptions that undercut the purpose of the legislation.

The American people widely support these policies across partisan and ideological lines and have given us a mandate to pass clear and comprehensive legislation. There is no excuse not to act.

It should be a top priority of the 118th Congress to finally pass this legislation. In July 2022, then-Leader McCarthy promised to take action on a stock trading ban should he become Speaker. I encourage the Speaker to follow through on this commitment by bringing strong, comprehensive legislation which meets the above principles to the floor as expeditiously as possible. I also respectfully request the House Administration Committee hold a bipartisan hearing on the merits of a Congressional stock trade ban and work in a bipartisan fashion to advance comprehensive stock trade ban legislation.

Thank you for your time.